

DRAFT
Minutes for the
DENALI COMMISSION QUARTERLY MEETING
OCTOBER 19, 2005
Princess Hotel, Fairbanks, Alaska

Commissioner Attendance:

George J. Cannelos	Federal Co-Chair
Cheryl Frasca	<i>Representing</i> State Co-Chair
Julie Kitka	Commissioner, Alaska Federation of Natives
Jim Sampson	Commissioner, AFL-CIO
Kevin Ritchie	Commissioner, Alaska Municipal League
Dick Cattanach	Commissioner, Associated General Contractors
Mark Hamilton	Commissioner, University of Alaska

Federal Co-Chair Cannelos calls the Fourth Fiscal Year 2005 Quarterly meeting to order at 9:00 a.m. He welcomes all, and thanks Cheryl Kilgore for the tour of the Interior Neighborhood Health Clinic. He also thanks Steve Jones, Chancellor, Karen Perdue, Bernice Joseph, Rick Caullfield for the tour of the Tanana Valley Campus Allied Health Center. And he thanks Commissioner Hamilton for hosting lunch and for providing space for yesterday's work session.

State Co-Chair Frasca, on behalf of the Governor, extends appreciation and asks for indulgence as she tries to understand the issues. She reports that all communities that have requested assistance under the bridge loan program, which came up yesterday, have had their requests met. She adds that all of the bridge loan programs are being managed through Rural Alaska Fuel Services, Inc. (RAFS). She looks forward to working with all on advancing the Denali Commission's agenda, as well as the Governor's.

Federal Co-Chair Cannelos asks for any other comments from the Commissioners. There being none, he asks for any changes to the agenda. He proposes adding the resolution honoring Jeff Staser, the prior Federal Co-Chair. He asks for approval of the prior minutes.

Minutes Acceptance Vote

MOTION: Commissioner Cattanach motions approval for the prior minutes.

SECOND: Commissioner Ritchie seconds.

VOTE: There being no objection, the motion is approved.

Krag Johnsen, Chief of Staff, presented a summary of the proposed action for the Commission meeting today. The actions before the Commission include: the Teacher Housing Program; the Middle Kuskokwim Regional Energy Project cost overruns; an amendment to funding allocations for the Training Program; Emmonak Washeteria update; and FY05 general program adjustments. Mr. Johnsen continues with update briefings on the Metlakatla Power Project and Community Sustainment Training.

Federal Co-Chair Cannelos moves on to the administrative report. Corrine Eilo, the Director of Administration, provides information on the status of fiscal year 2005 program allotments and administrative expenses, and updates Commissioners on the FY 2006 budget and forecasts. There are some unobligated program funds left in the allotments of solid waste, elder housing, teacher housing, washeterias, and economic development. All of the funds, except for the HUD moneys (pertaining to economic development), are no-year funds. There will be two years remaining on the economic development dollars from HUD. In terms of administrative funds, FY 2005 expenditures to date are \$5.5 million, and about 90 percent of the budget is expended as predicted of the remaining unobligated dollars. \$1.639 million of administrative funds were transferred to program areas for awards. \$1.6 million of administrative funds were carried forward to FY 2006 in case there were not enough funds to open the doors on October 1st. Ms. Eilo states that the budget request for FY2007 of \$165 million has been submitted to OMB. It includes \$50 million for bulk fuel tank projects; \$35 million for electric power

projects; \$35 million for primary health; \$25 million for transportation; \$7 million for training; \$6 million for economic development; and \$7 million for operating expenses. The hearing with OMB regarding the budget will be in November but no date has been set. She states that in December the five-year forecast will be submitted into an OMB budget system called MAX; and next April, the cycle will begin again for the FY 2008 budget.

Resolution presentation and discussion

Mr. Johnsen moves to the request for teacher housing. Denali Daniels, program manager for teacher housing, states that the action is to provide the authority to fund those projects that conduct due diligence and demonstrate all of the final sustainability criteria. It is conceivable that all of them will be funded once we get final numbers. There was a needs assessment conducted that identified a number of projects. It was used as part of the criteria for prioritization and for selecting the projects for the RFP. A discussion continues on the backlog of projects and an exit strategy for the program. James Wiedle, with Alaska Housing Finance Corporation (AHFC) adds that the universe of Teacher Housing Projects came from the initial NANA Pacific Study when they came up with a baseline of how many units would need to be replaced and the costs of this. At this point, around 80 Teach Housing Units to be developed have been funded. Mr. Wiedle explains how AHFC addresses total project costs. If the applicant exceeds those costs, the applicant is expected to provide some other source of funds to make up for that difference in cost. There is no going back to the well to request more grants. Mr. Wiedle also explains the rents charged. The rent that the applicant is charging is compared to the typical rents for the community. Adjustments are made as they are too excessive or too low for their respected communities. He clarified that the analysis is to cover the operating costs which includes operating reserves, calculate the debt service and then make the respective adjustments to the rent.

Mr. Johnsen moves to the Middle Kuskokwim Regional Energy projects. Kathy Prentiki, the energy program manager, gives a briefing on the project and states that more funding is needed. She adds that all the powerhouses and tanks have been procured. The only severable part of this project, which serves seven communities with 23 separate energy projects, was the intertie between Sleetmute and Red Devil, and some smaller distribution work with that community. It saves about a million dollars of current costs, but we are still in overrun. The Authority believes that \$1,050,000 is enough to finish the project without the intertie, and asks that funding be reapportioned. Mr. Mello, from Alaska Energy Authority (AEA), states that the business plans are developed to be living documents and have follow up. They provide training for bookkeeping and management so people operating the business plan have the capacity to do it. After the business plan is developed and put in place, people go out and review with the decision-makers and the stakeholders how the plan is working. It gives the business a gauge of at what capacity they are working. Commissioner Sampson asks for a briefing on the shortfall issue in the future at AEA. Mr. Mello agrees.

Mr. Johnsen moves to the FY05 training program redirection of funding from the regional Native nonprofit RFP to the Youth Initiative RFP. He states that there was a great response in the Youth Initiative, which was a first-time activity for the Commission. In light of this overwhelming response, the recommendation is to put the funding into the Commission to fund the projects that have been recommended. A discussion on the Youth Initiatives follows focusing on when the expected results would be delivered as a result of this investment.

Mr. Johnsen moves to a discussion and update on the Emmonak Washeteria. Cindy Roberts, program manager for washeterias, recaps this award and gives an update on where the Emmonak account stands. At the direction of the previous Executive Director, the award was closed out. She noted there were some irregularities, but she was directed to close the project on the system. Village Safe Water has been awarded funds to resolve code and structural problems and get the facility operational. That award was signed August 31st this year. Certain prescribed winterizing has been done to the facility. Work will commence after this winter's freeze/thaw cycle is complete. Village Safe Water anticipates completion by the end of construction season 2006. The cost per square foot is well within the benchmark. The equipment is in the building and it is locked down. The Fire Marshall was contacted regarding the facility, but there is no reply at this time. The building is secure. Pipes are detached from the structure and the power is off.

It was determined that the Federal Co-Chair has the authority to work with Emmonak-related issues and that no resolution by the Commissioners is required.

Public Comment Period

Federal Co-Chair Cannelos recognizes Iver Malutin. Mr. Malutin states that he is here as himself, not as the Aging Commission, and tells the Denali Commission how much their good work is appreciated in Kodiak.

Federal Co-Chair Cannelos recognizes LaMont Albertson, executive director of Yuut Elitnaurviat. Mr. Albertson talks about the training that is being provided at Alaska's People Learning Center. At the moment, they are meeting with miners and mining interests so that a millwright course could be offered this spring, and definitely for the fall. He adds that they are committed to providing training opportunities for the young people in the area so that they do not have to leave the area. Commissioner Sampson asks about jobs for millwrights. Mr. Albertson states that Fort Knox is advertising for millwrights, as are other mines. The University of Alaska at Fairbanks, who has been actively involved in developing these millwright courses, has reassured Yuut Elitnaurviat that these skills are transferable and will give the skills required to work across the whole mineral extraction profession. State Co-Chair Frasca notes that this is a great program and is supported by the Governor.

Federal Co-Chair Cannelos recognizes Mike Black, the director of the Division of Community Advocacy in the Alaska State Department of Commerce. Mr. Black states that in FY 2005, \$500,000 was received from the Denali Commission to capitalize a program put in place to help communities who did not qualify to purchase fuel with assistance from the Bulk Fuel Revolving Loan Fund. The program is called the Bulk Fuel Bridge Loan Program. It has been further capitalized with funds from the Governor's office and U.S. Department of Agriculture Rural Development. The program intent is to resolve the immediate and emergency need for fuel, and work with assisted communities so they qualify for the AIDEA/AEA Bulk Fuel Revolving Loan program in the future. The terms of the loan system commit communities to a three-year management assistance program to regain their independent operation of their fuel facilities. Last year, twelve communities participated. Eleven of the twelve have paid off their FY 05 loans.

Federal Co-Chair Cannelos recognizes Mike Harper, who explains the fine points of the Bulk Fuel Bridge Loan Program. The Bulk Fuel Revolving Loan Fund began in 1980. Communities can borrow up to \$300,000 to finance fuel purchases. There are 35-40 borrowers this year. The loan pay-back period is nine months. In order to qualify for the following year, the previous loan must be repaid. Those who do not repay loans may apply to the Bulk Fuel Bridge Loan Program as a last resort.

Federal Co-Chair Cannelos recognizes Mark Earnest, the harbor master at Whittier. Mr. Earnest talks about the harbor needs throughout Alaska, particularly in rural areas where the communities have difficulty in matching core program funds. He talks about the \$80 million harbor development program in Whittier that is scheduled over the next ten years to provide a blossoming and expanding gateway community to Prince William Sound. He states that some help is needed in the beginning stages.

Federal Co-Chair Cannelos recesses until 1:00 o'clock.

(Lunch break.)

Federal Co-Chair Cannelos reconvenes the meeting and continues with public testimony. He recognizes Tom Harris. Mr. Harris talks about Alaska Village Initiatives, a community development corporation, and states concern on the issue of sustainability of communities. He announces that they are working with a company called Community Power Corporation to try to bring a new technology which is the focus of converting biomass to energy. He explains the technology and the cost. Commissioner Hamilton asks him to avail himself of the talents of the University at the Energy Center to assess the entire efficiency of the operation. He states that the Energy Center understands the full costs of these systems.

Federal Co-Chair Cannelos recognizes Suzanne Price, the executive director of Fairbanks Community Mental Health Center. Ms. Price thanks the Denali Commission and provides an update of an entirely successful project, a facility, a permanent home for those individuals in the Fairbanks community needing help. Everything inside and outside the building is handicapped accessible. It is a community and regional center which has been built, designed and planned to provide a place for learning and growing. The completion date is scheduled for within the next five weeks. The new name will be Fairbanks Community Behavioral Health Center. There is also a Detox facility planned for next door.

Federal Co-Chair Cannelos recognizes Carol Davila, the Golden Heart Project director with Fairbanks Memorial Hospital. Ms. Davila encourages all to look at their website and then look again in about a month to the upgrade, so they can see where they are going with the program development plan. She gives a short report on the progress of the program followed by questions and discussion.

Federal Co-Chair Cannelos recognizes Denise Nicols, the mayor of Nome and the incoming president for the Alaska Conference of Mayors. Ms. Nicols provides an update on their power plant.

Federal Co-Chair Cannelos recognizes Mary Hughes, the Alaska state director for Senator Lisa Murkowski. Ms. Hughes thanks all the Commissioners for the work of the Denali Commission and adds that the mission of the Denali Commission assists the Senator in concentrating in a good way on economic development as well as self-sufficiency.

Federal Co-Chair Cannelos recognizes Christopher Simon, the superintendent of the Yukon Koyukuk School District. Mr. Simon states that they serve the communities of Allakaket, Nulato, Koyukuk, Huslia, Hughes, Kaltag, Manly, Ruby, and Minto. He expresses gratitude on behalf of the District to the Denali Commission for the new teacher housing for the school district.

Federal Co-Chair Cannelos recognizes Loretta Bullard, president of Kawerak. Ms. Bullard thanks the Denali Commission for the opportunity to speak and states, in terms of the teacher housing program, that it would be helpful if something similar could be extended for other professionals in rural Alaska. She also encourages the Denali Commission to assist with the Shishmaref relocation and erosion effort. She also encourages the Commission to make money available for alternative energy resource development pilot projects to help set in place other energy systems that are not so dependent on the cost of fuel. Commissioner Kitka states that Ms. Bullard sat on the negotiated rule-making and that she and her staff are very familiar with the Indian roads program and what is allowed and not allowed. She states that Ms. Bullard would be a resource that should be available to the Commission. Ms. Bullard has been a major advocate of leveraging money to go further and not duplicate.

Federal Co-Chair Cannelos recognizes Meera Kohler, the president and CEO of Alaska Village Energy Co-op. Ms. Kohler puts in a good word for the fine work that the Denali Commission has been able to do through the partner energy program, and states that for the first time ever in history there are a number of villages out in rural Alaska that have code compliance to pay for them. They also have more modern power plants that are generating more kilowatt hours per gallon of fuel than ever before since the very beginning. She adds that it is an enormous job and is only half done, and she hopes that the work with the Denali Commission will continue for a long time to achieve what needs to be done.

Federal Co-Chair Cannelos recognizes Robert Keith, chairman of the Kawerak. Mr. Keith explains the need for Head Start and how the program came to be. He also talks about how other school needs were addressed. He moves on to the issue of erosion, flooding, and the damage done.

Federal Co-Chair Cannelos recognizes David Hartenberg, executive director of RuralCAP. Mr. Hartenberg states that the board of directors of RuralCAP passed a resolution in support of Denali Commission funding. (Re what?) There were board members concerned that perhaps Commission funding was being swept up in some of the national discussions about redirecting funds to support hurricane relief efforts, and they wanted to go on record supporting the Denali Commission mission and your continued funding. The Board of Directors also wanted to share some of their concerns about the impacts that high energy costs are

having in remote rural communities, and to think about ways that we can address this. Mr. Hartenberg presents a copy of the resolution.

Federal Co-Chair Cannelos recognizes Tom Ewing (via teleconference) from Cincinnati, Ohio. Mr. Ewing states that he has done some independent research on the Energy Policy Act of 2005 and Section 356, which gives specific directions to the Denali Commission on some energy issues. He asks about a starting date and asks for a contact person to fax or email some more specific questions. Mr. Johnsen, chief of staff, gives Mr. Ewing his phone number and email address to follow up off-line.

Federal Co-Chair Cannelos closes public testimony and thanks everyone.

Resolution No. 06-01

MOTION: Commissioner Kitka motions to accept a resolution on teacher housing for Federal Fiscal Year 2005.

SECOND: Commissioner Sampson seconds.

QUESTION: Commissioner Sampson calls the question.

VOTE: Approved by unanimous vote.

Resolution No. 06-02

MOTION: Commissioner Kitka motions to approve the resolution on funding Middle Kuskokwim Regional Energy overruns.

SECOND: Commissioner Cattnach seconds.

DISCUSSION: Commissioner Kitka asks if the use of the 650,000 excess administrative funds was vetted through the committee and kicked forward as a recommendation. Commissioner Cattnach states that there were a series of events leading to this decision that made it unique and that in the future it should go through a better process. Commissioner Kitka states that the objection is to the category of part of the funds.

VOTE: Approved by unanimous vote.

Resolution No. 06-03

MOTION: Commissioner Hamilton motions to approve the resolution amending the Fiscal Year 2005 training program.

SECOND: Commissioner Sampson seconds.

VOTE: Approved by unanimous vote.

Resolution No. 06-04

MOTION: Commissioner Sampson makes a motion to approve the resolution Concerning the health facility budget reconciliation for Federal Fiscal Year 2005.

SECOND: Commissioner Kitka seconds.

DISCUSSION: Commissioner Hamilton explains that this was bookkeeping and now there is an understanding of what earmarks are and that we are complying.

VOTE: Approved by unanimous vote.

Resolution No. 06-05

MOTION: Commissioner Kitka motions the resolution honoring former Federal Co- Chair Jeffrey Staser.

SECOND: State Co-Chair Frasca seconds.

DISCUSSION: Commissioner Kitka states that Mr. Staser is being recognized because we are very grateful for the time and effort that he and the rest of the Commission has put in from starting up the Denali Commission from ground zero to where it is today. This is to acknowledge that, and I also invite him and other Commissioners to come to the banquet at the Alaska Federation of Natives Convention.

VOTE: Approved by unanimous vote.

Commissioner Closing Comments

Commissioner Cattnach thanks both Commissioner Sampson and Commissioner Hamilton for the hospitality afforded us in the Fairbanks community and welcomes Federal Co-Chair Cannelos aboard. State Co-Chair Frasca thanks all for their indulgences to her training program and looks forward to our opportunities going forward. Commissioner Hamilton reiterates the importance of utilizing some of the very real skills at the University to help advise and to make sure that whatever we are being asked to support that we check on and ask questions. Commissioner Kitka welcomes Federal Co-Chair Cannelos aboard as Federal Co-Chair. She informs the fellow Commissioners that in our role we are becoming very critically aware of this results-based management and how essential that is for sustainability for both the Denali Commission projects as well as other federally funded projects. Federal Co-Chair Cannelos thanks staff for putting the meeting together and that he is thrilled to be here and is very optimistic. There are phenomenal opportunities to partner and collaborate and move ahead in amazing ways. He adjourns the meeting.

(Denali Commission quarterly meeting adjourned at 2:46 p.m.)